

## Message Text

LIMITED OFFICIAL USE

PAGE 01 LONDON 12986 01 OF 02 041643Z

45

ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-11 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

USIA-15 COME-00 EB-12 SIL-01 LAB-06 INT-08 TRSE-00

OMB-01 IO-14 DRC-01 /144 W  
----- 000658

R 041618Z OCT 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 4496

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

USMISSION NATO BRUSSELS

USMISSION OECD PARIS

AMCONSUL BELFAST

AMCONSUL EDINBURGH

AMCONSUL LIVERPOOL

LIMITED OFFICIAL USE SECTION 01 OF 02 LONDON 12986

E.O. 11652: N/A

TAGS: PINT, ELAB, UK

SUBJECT: LABOR'S INDUSTRIAL PEACE IMAGE TARNISHED BY  
DEVELOPMENTS IN AUTO AND COAL INDUSTRIES

REF: (A) LONDON 12454; (B) LONDON 12669

1. SUMMARY: AFTER SEVERAL DAYS OF INCONCLUSIVE SPARRING  
IN A WAR OF STATISTICS ABOUT THE EXTENT OF WAGE AND  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 LONDON 12986 01 OF 02 041643Z

PRICE INCREASES, THE OPPOSITION PARTIES NOW HAVE ADDI-

TIONAL CAMPAIGN FODDER IN TWO VITAL AREAS OF INDUSTRIAL RELATIONS. A VERY LARGE WAGE OFFER BY FORD -- STILL TO BE ACCEPTED BY THE UNION -- HAS PLACED THE SOCIAL CONTRACT, THE CENTERPIECE OF THE LABOR PARTY CAMPAIGN, IN JEOPARDY. A REJECTION BY THE MINERS OF A COAL BOARD PRODUCTIVITY PROPOSAL HAS ALSO CAST SOME DOUBT ON LABOR'S ABILITY TO INSURE INDUSTRIAL STABILITY AFTER THE ELECTION. ANOTHER INDUSTRIAL DISPUTE, INVOLVING ITN NEWS JOURNALISTS, WHICH HAS BLACKED OUT NEWS TELECASTS ON THE COMMERCIAL CHANNEL, HAS ALSO ADDED SOME TARNISH TO LABOR'S INDUSTRIAL PEACE IMAGE. END SUMMARY

2. THE PARTIES HAVE BEEN HURLING STATISTICAL BRICKBATS AT EACH OTHER OVER THE EXTENT OF INFLATION. CHANCELLOR OF THE EXCHEQUER DENIS HEALEY INITIATED THE FUROR BY CLAIMING THAT INFLATION FOR THE PAST THREE MONTHS IN THE UK WAS RUNNING AT ONLY 8.4 PERCENT. CONSERVATIVE PARTY LEADER TED HEATH, SUPPORTED BY LIBERAL SPOKESMEN, RETORTED THAT WAGE INCREASES WERE RUNNING AT 40 PERCENT, TO WHICH SECRETARY OF STATE FOR EMPLOYMENT RESPONDED, "BOSH, DANGEROUS BOSH." EVEN THE EC COMMISSION WAS DRAWN INTO THE FRAY, FOLLOWING A REPORT, GLEEFULLY SEIZED BY LABOR, THAT THE UK'S CURRENT INFLATION FIGURE WAS CURRENTLY THE LOWEST IN THE EC. CONSERVATIVE SHADOW CHANCELLOR OF THE EXCHEQUER, ROBERT CARR, THEN RIPOSTED BY EMPHASIZING THE EC FIGURES NOT ONLY WERE LIMITED TO A THREE-MONTH PERIOD BUT INCLUDED SPECIAL DISTORTING FACTORS, WHILE OTHER CONSERVATIVE LEADERS NOTED THAT THE EC, IN ANY CASE, WAS USING THE LABOR GOVERNMENT'S OWN FIGURES. BY THE END OF THIS WEEK, THE GREAT BATTLE OF THE NUMBERS SEEMED TO HAVE DWINDLED INTO A FLY-WEIGHT AFFAIR.

3. THE DEVELOPMENTS IN THE AUTO AND COAL INDUSTRIES ARE ANOTHER MATTER, HOWEVER (SEE REFS A AND B). YESTERDAY (OCTOBER 3) FORD OFFERED ITS 53,000 WORKFORCE AN IMMEDIATE INCREASE OF 23.7 PERCENT AND A FURTHER 14.9 PERCENT IN STAGES - OCTOBER 1975 AND APRIL 1976. THE OFFER, WHICH THE UNION HAS YET TO ACCEPT SINCE IT SEEKS FURTHER IMPROVEMENTS IN IT, WILL COST AN ESTIMATED 63.3 LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 LONDON 12986 01 OF 02 041643Z

MILLION POUNDS. IN ADDITION TO ITS BEING MADE LESS THAN TWELVE MONTHS AFTER THE LAST AGREEMENT -- IN CONTRAVENTION OF ONE OF THE STRICTURES OF THE SOCIAL CONTRACT (SEE REF A) -- THE OFFER IN CONJUNCTION WITH THE LAST FORD SETTLEMENT PROVIDES FOR A TOTAL WAGE INCREASE OF OVER 30 PERCENT THIS YEAR - AND THIS WOULD BE A MUCH CLEARER VIOLATION OF THE BASIC PREMISE OF THE CONTRACT, I.E. TO LIMIT, IN GENERAL TERMS, WAGES TO INCREASES IN

THE COST OF LIVING. THE OFFER ALSO INCLUDES AN ESCALATOR (COST OF LIVING) CLAUSE AND OTHER IMPROVEMENTS (DETAILS WILL BE REPORTED SEPARATELY PENDING FINAL ACCEPTANCE BY THE UNION.) BOTH THE FORD COMPANY AND THE TRANSPORT AND GENERAL WORKERS UNION (TGWU) DENY THERE IS ANY VIOLATION OF THE CONTRACT. FORD SPOKESMEN HAVE DECLARED THAT A "TWO YEAR CONTRACT SEEMS TO US TO OFFER A VITAL MEASURE OF STABILITY" AND "A SOUND BASIS FOR INDUSTRIAL PEACE."

4. AS FOR THE COAL INDUSTRY, THE NATIONAL UNION OF MINERS, IN AN OVERWHELMING VOTE OF ITS EXECUTIVE, DECIDED YESTERDAY TO REJECT THE NATIONAL COAL BOARD'S PRODUCTIVITY OFFER WHICH PROVIDED FOR SUBSTANTIAL

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 LONDON 12986 02 OF 02 041641Z

45

ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-11 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

USIA-15 COME-00 EB-12 SIL-01 LAB-06 INT-08 TRSE-00

OMB-01 IO-14 DRC-01 /144 W

----- 000687

R 041618Z OCT 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 4497

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

USMISSION NATO BRUSSELS

USMISSION OECD PARIS

AMCONSUL BELFAST  
AMCONSUL EDINBURGH  
AMCONSUL LIVERPOOL

LIMITED OFFICIAL USE SECTION 02 OF 02 LONDON 12986

FINANCIAL INCENTIVES BASED ON PRODUCTIVITY NORMS TO BE ESTABLISHED AT EACH COAL FACE IN THE INDUSTRY (SEE REF B FOR DETAILS). THE NUM NOW STATES THAT ONLY A NATIONAL PRODUCTIVITY AGREEMENT -- IN CONTRAST TO A FACE BY FACE ARRANGEMENT -- WOULD BE ACCEPTABLE. ALTHOUGH THE LEFT-WING OF THE NUM LED THE OPPOSITION TO THE DEAL, MANY MODERATES WERE ALSO OPPOSED OR HIGHLY LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 LONDON 12986 02 OF 02 041641Z

SKEPTICAL ABOUT AN OFFER WHICH, IN EFFECT, WOULD HAVE PITTED COAL MINERS AT ONE FACE AGAINST COAL MINERS AT OTHER FACES. A BALLOT OF INDIVIDUAL MINERS MAY STILL BE HELD ON THE ISSUE, BUT IN VIEW OF THE EXECUTIVE VOTE YESTERDAY, ACCEPTANCE OF THE CURRENT NCB OFFER WOULD BE, AT BEST, UNLIKELY. THE NCB COULD OF COURSE CHANGE ITS OFFER TO MEET THE UNION DEMANDS, BUT FOR THE MOMENT THE REJECTION APPEARS TO HAVE DOOMED THE NCB'S HOPE OF RESTORING FALLEN COAL STOCKS AND INSURING HIGH PRODUCTION TARGETS FOR THE FUTURE.

5. OF THE TWO SITUATIONS, THE FORD OFFER -- IF ACCEPTED WITH SEMODIFICATIONS -- IS THE MORE SERIOUS. WHETHER IT IS AN IRREPARABLE BREACH OF THE SOCIAL CONTRACT REMAINS TO BE SEEN. WHAT MAINLY WORRIES MANY OBSERVERS IS NOT ONLY ITS EFFECT ON OTHER CAR MANUFACTURERS SUCH AS VAUXHALL, BUT THE SPILLOVER TO THE REST OF UK INDUSTRY, AS OTHER UNIONS COME UNDER PRESSURE FROM THEIR MEMBERS TO REACH SIMILAR EXTRA-SOCIAL CONTRACT AGREEMENTS. AS FOR THE NCB OFFER, REJECTION BY THE MINERS IF MAINTAINED, WOULD NOT NECESSARILY MEAN A REPEAT OF THE COAL-CENTERED INDUSTRIAL CRISIS OF 1973-74, BUT IT MUST CONJURE IN THE MINDS OF MANY WHO LIVED THROUGH THE LAST HEATLESS WINTER IN THE UK THE SPECTRE OF THAT GRIM PERIOD.

6. THE JOURNALISTS' STRIKE AT ITN IS A MUCH MORE SIMPLE ISSUE. THE STRIKERS SEEK PAY PARITY WITH BBC JOURNALISTS. THEIR ACTION HAS BLACKED OUT NEWS TELECASTS ON THIS COMMERCIAL NETWORK FOR MANY DAYS AND HAS THUS HAD AN IMMEDIATE EFFECT ON MILLIONS OF VIEWERS. ALTHOUGH THE GOVERNMENT, THROUGH THE NEW CONCILIATION AND ARBI-

TRATION SERVICE (CAS) IS SEEKING TO SETTLE THE CONFLICT,  
IT HAS PROVIDED AN UNHAPPY FOOTNOTE ON THE CONTINUING  
PROBLEM OF INDUSTRIAL STRIFE.

7. THE IMPACT OF THESE DEVELOPMENTS IN THE AUTO AND  
COAL INDUSTRY IN TERMS OF LONG-TERM EFFECT ON THE SOCIAL  
CONTRACT AND ON INDUSTRIAL STABILITY IN GENERAL WILL  
HAVE TO BE MEASURED LATER. THEIR IMMEDIATE EFFECT IS  
TO RAISE QUESTIONS BY SOME VOTERS ABOUT THE BASIC  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 LONDON 12986 02 OF 02 041641Z

PROMISE OF THE LABOR GOVERNMENT THAT IT CAN BEST INSURE  
INDUSTRIAL PEACE.

8. THE PRESS HAS ALREADY RESPONDED TO THE FORD OFFER  
("HAMMER BLOW TO SOCIAL CONTRACT") AND TO NUM REJECTION  
("VICTORY TO MILITANTS") AND THE OPPOSITION IS CURRENTLY  
SEIZING ON THE CONTRADICTIONS IN THE LABOR GOVERNMENT'S  
INDUSTRIAL RELATIONS POLICIES. (WILSON, AT HIS PRESS  
CONFERENCE TODAY, LIMITED HIS COMMENTS TO REITERATION OF  
CRITICISM HE HAD MADE EARLIER ABOUT "MANAGEMENT GENERO-  
SITY OR ... IRRESPONSIBILITY" ADDING THAT "THERE IS SUCH  
A THING AS A ROGUE EMPLOYER.") IT IS, HOWEVER, DOUBTFUL  
THAT THESE DEVELOPMENTS WILL SIGNIFICANTLY ALTER CURRENT  
PROGNOSTICATIONS OF A LABOR MAJORITY. ANNENBERG

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC CONDITIONS, LABOR UNIONS, LABOR OBJECTIVES, NEGOTIATIONS, POLITICAL PARTIES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 04 OCT 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974LONDON12986  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D740281-0767  
**From:** LONDON  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1974/newtext/t19741073/aaaacjyp.tel  
**Line Count:** 252  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EUR  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 5  
**Previous Channel Indicators:**  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** (A) LONDON 12454; (B) LONDON 12669  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** golinofr  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 03 APR 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <03 APR 2002 by boyleja>; APPROVED <29 APR 2002 by golinofr>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** LABOR'S INDUSTRIAL PEACE IMAGE TARNISHED BY DEVELOPMENTS IN AUTO AND COAL INDUSTRIES  
**TAGS:** PINT, ELAB, UK  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005